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The Director of Central Intelligence

Washington, D.C. 20505

Resource Management Staff

DCI/RM 80-2026 3 December 1980

NOTE FOR:	See Distribution	
FROM:	Chairman	
SUBJECT:	First Meeting of the Community Working Group on Inflation	
l. Attached is a memorandum for the record on the first meeting of the Inflation Working Group.		
2. I have instructed the team leaders of each subgroup to initiate work on their respective tasks and would ask each of you to provide any assistance required in support of these efforts.		
3. I was pleased with the general support and level of interest expressed at the first meeting and am most anxious to ensure that this be maintained throughout the course of the Working Group. As a consequence, I intend to keep our formal meetings short, focused, and only when required.		
4. I will be contacting each of you with respect to our next meeting date and tentative agenda.		
Attachment: Memo for	the Record	

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STAT DCI/RMS/PAO (3 Dec 80)

1 - RMS Registry

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**TAB** 

26 November 1980

	MEMORANDUM FOR THE RECORD
STAT	FROM: PAO/RMS
	SUBJECT: First Meeting of the Intelligence Community Working Group on Inflation, 21 November 1980
	<ol> <li>On Friday, 21 November, the first meeting of the Intelligence Community Working Group on Inflation was held at the Community Headquarters Building.</li> </ol>
	2. In attendance were:
	RMS:
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	State/INR/IRE: Mr. William Deary
	GDIP: Ms. Sharon Sussman
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STAT	opened the meeting with a brief statement of the objectives of the group focusing on the need to ensure that inflation does not reduce NFIP capabilities and to improve our justification of NFIP inflation to OMB. In this regard, he expressed the need to develop an NFIP market basket of goods and services through which inflation can be tracked and from which guidance can be generated.

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SUBJECT: First Meeting of the Intelligence Community Working Group on Inflation, 21 November 1980

- 4. Each representative then briefly described their program's current approach to inflation. These descriptions were as described in the RMS background paper on FY82 NFIP inflation.
- 5. The chairman suggested and it was agreed that the work of the Group be divided into three subtask areas:
  - Group I. a review of current inflation estimating procedures and a preliminary estimate of inflation for the FY83 guidance,
  - Group II. a review of other national security inflation estimating techniques and market baskets and documentation of the OMB track record on guidance and actual inflation rates over the last several years, and

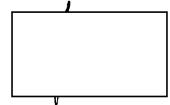
Group III. developing a market basket specifically for the NFIP.

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Each subgroup will be staffed on the basis of interest for each program office and relevant responsibility on RMS. was designated as the team leader for Group I; for Group II; and for Group III. It was agreed that draft reports be provided by Group I in late January, Group II in late February, and Group III in late March, and that an integrated draft report with recommendations be completed for review by the Working Group in late April.

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- 6. gave a brief summary of a recent Coopers & Lybrand report on current OSD/OMB inflation issues. It was agreed that a presentation from the OSD Comptroller on this issue would be useful and that it would be presented at the second meeting of the Group.
- 7. No specific date for a second meeting was set, but tentative agenda items include:
  - a. report by Group I on guidance and
  - b. a presentation by the Special Assistant to the OSD Comptroller on the Defense inflation problem.



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# Proposed Agenda for the First Meeting of the Community Working Group on Inflation

Meeting Time - 45-60 minutes

Meeting Date - 18 November 1980

Meeting Place - Room 6W02, CHB

- I. Overview
  - Objectives
  - Scope
  - Schedule
- II. FY82 Estimate
  - Procedures
  - Estimates
- III. Guidance
  - What to include for FY83?
- IV. Next Meeting
  - Date
  - Topic

#### TALKING POINTS

#### - Objectives:

- o To insure that inflation does not reduce NFIP capabilities.
- o To justify in an explicit and credible way our inflation problem to OMB and Congress.

#### - Approach:

- o To review current procedures on a program-by-program basis.
- o Explore alternative approaches to developing an NFIP market basket.
- o Schedule 18 Nov end June.
- o Target output Working Group study on NFIP inflation procedures.

#### FY82 Estimate:

- o Hand out revised background paper.
- o Discuss FY82 procedure, benefits, problems. How well did we do?
  - In terms of protecting program.
  - In terms of OMB credibility.

#### - <u>Guidance</u>:

- o What can be reasonably expected to include in FY83 guidance regarding inflation?
- Last date for guidance items end November.
  - FY83 estimate?
  - Statement about working group?
  - Adjustment to guidance in Spring?

### - Next Meeting:

- o Date?
- o Subject
  - GDIP procedures (new, old, program losses, proposed remedies).
  - Report on Cooper's/Lybrand Work for OSD.